

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
NORTHERN STATES POWER COMPANY,)
a Wisconsin corporation and wholly owned subsidiary)
of Xcel Energy Inc., for approval of its power supply)
cost recovery reconciliation for the 12-month period)
from January 2016 through December 2016.)
_____)

Case No. U-17913-R

At the October 25, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 28, 2017, Northern States Power Company, a Wisconsin corporation and wholly-owned subsidiary of Xcel Energy Inc. (NSP-W), filed an application, with supporting testimony and an exhibit, requesting approval of its power supply cost recovery reconciliation for the 12-month period ended December 31, 2016.

A prehearing conference was held on June 29, 2017, before Administrative Law Judge Mark D. Eyster. NSP-W and the Commission Staff (Staff) participated in the proceedings. Subsequently, NSP-W and the Staff submitted a settlement agreement resolving all issues in the case.

The Commission has reviewed the settlement agreement, and finds that the public interest is adequately represented by the parties who entered into the settlement agreement. The Commission

further finds that the settlement agreement is in the public interest, represents a fair and reasonable resolution of the proceeding, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Northern States Power Company shall reflect the cumulative 2016 power supply cost overrecovery, including interest, of \$294,318 as its 2017 power supply cost recovery reconciliation beginning balance.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of October 25, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
NORTHERN STATES POWER COMPANY, a)	
Wisconsin corporation and wholly owned subsidiary of)	Case No. U-17913-R
Xcel Energy Inc., for approval of its power supply cost)	
recovery reconciliation for the 12-month period from)	
<u>January 2016 through December 2016.</u>)	

SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 (“APA”), as amended, MCL 24.278, and the Michigan Administrative Hearing System’s Administrative Hearing Rules, Rule 431, 2015 AC R 792.10431, Northern States Power Company, a Wisconsin corporation and wholly owned subsidiary of Xcel Energy Inc., (hereafter “NSP-W”), and the Michigan Public Service Commission Staff (“Staff”) have resolved through settlement discussions the contested issues regarding this proceeding and hereby agree as follows:

1. On March 28, 2017, NSP-W filed with the Michigan Public Service Commission (“Commission”) an application, with supporting testimony and an exhibit, seeking authority to reconcile its power supply costs with its power supply revenues for the 12-month period ending December 31, 2016. Based on calculations, NSP-W determined that a netting of its 2016 power supply revenues and power supply costs, the roll-in of the prior year's overrecovery, and interest resulted in a cumulative overrecovery for the 12-month period ending December 31, 2016, of

\$294,318. NSP-W has requested to roll the overrecovery into the beginning balance of its 2017 PSCR cost.

2. On May 1, 2017, the Commission's Executive Secretary issued the Notice of Hearing directing NSP-W to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its Michigan electric service area and all intervenors in Case Nos. U-17674-R, and U-17913. Further, the Commission directed NSP-W to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric service area. NSP-W filed the requisite Affidavit of Mailing and Proof of Publication on June 20, 2017.

3. Administrative Law Judge Mark D. Eyster presided over the June 29, 2017 prehearing conference, and Staff participated in the proceeding. There were no intervenors.

4. Subsequently, and following Staff's audit, the parties have agreed as follows:

a. Proceedings in this PSCR reconciliation were conducted in accordance with 1982 PA 304. The expenditures charged by NSP-W for the cost of power supply were reasonably and prudently incurred.

b. NSP-W sold 136,900,063 kWh subject to a Michigan PSCR billing factor during the 12-month period ending December 31, 2016.

c. NSP-W collected \$8,146,103 in base and PSCR revenues and had \$7,621,405 in power supply costs during the 12-month period ending December 31, 2016, resulting in an underrecovery of \$31,300.

d. The 2016 underrecovery of \$31,300 when added to the 2015 PSCR overrecovery of \$303,404 which was the PSCR reconciliation beginning balance as authorized by the Commission in Case No. U-17673-R, results in a net overrecovery of \$272,104.

e. Interest through the plan period equals \$22,213 and when added to the net PSCR overrecovery results in a cumulative PSCR overrecovery of \$294,318.

f. Therefore, NSP-W shall reflect the \$294,318 overrecovery in the 2017 PSCR reconciliation beginning balance.

5. It is the opinion of all signatories that this settlement agreement is reasonable, in the public interest, and will aid in the expeditious conclusion of this case.

6. This settlement agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. Each signatory agrees not to appeal, challenge or contest the Commission's order accepting and approving this settlement agreement without modification. The parties agree that if the Commission does not accept this settlement agreement in its entirety, then the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

7. This settlement agreement and all offers of settlement and discussions are privileged and shall not be used in any manner, nor be admissible, for any other purpose in connection with this proceeding or any other proceeding except so as to prove the contents herein.

8. All signatories agree to waive § 81 of the APA as amended, MCL 24.281, as it applies to the issues in this proceeding, if the Commission approves this settlement agreement without modification.

NORTHERN STATES POWER COMPANY,
a Wisconsin Corporation

**Sherri A.
Wellman**

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman C = AD
O = MillerCanfield
Date: 2017.10.13 14:11:13 -05'00'

Dated: October 13, 2017

By: _____

Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, Michigan 48933
(517) 483-4954

MICHIGAN PUBLIC SERVICE COMMISSION STAFF



Dated: October 13, 2017

By: _____

Its Attorney
Michael J. Orris (P51232)
Assistant Attorney General
Michigan Public Service Commission
7109 W. Saginaw Highway, 3rd Floor
Lansing, MI 48917
(517) 284-8140

29951270.2\130017-00092